

**State of Alaska  
FY2006 Governor's Operating Budget**

**Department of Revenue  
Mental Health Trust Operations  
Component Budget Summary**

**Component: Mental Health Trust Operations**

**Contribution to Department's Mission**

The mission of the Alaska Mental Health Trust Authority is to administer the Alaska Mental Health Trust as a perpetual trust and to ensure a comprehensive and integrated mental health program to improve the lives of beneficiaries.

**Core Services**

- Manage Trust cash and non-cash assets.
- Provide leadership in advocacy and planning around beneficiary related issues.
- Ensure funding of a comprehensive integrated mental health program.
- Spend Trust income to improve the lives and circumstances of Trust beneficiaries.

End Results	Strategies to Achieve Results
<p><b>A: Increase quality of life for Trust beneficiaries.</b></p> <p><u>Target #1:</u> At least 10% of "In Step Plan" indicators will show improvement.</p> <p><u>Measure #1:</u> % of In Step Plan indicators showing improvement.</p>	<p><b>A1: Maximize revenues from Trust cash assets.</b></p> <p><u>Target #1:</u> \$1 million in interest income. <u>Measure #1:</u> % of \$1 million in interest income generated.</p> <p><u>Target #2:</u> Maintain Reserve account at 400%. <u>Measure #2:</u> % of reserve account maintained.</p> <p><u>Target #3:</u> 5% total real return on Trust Fund at APFC. <u>Measure #3:</u> Total Real Return as set by APFC.</p> <p><u>Target #4:</u> 1.5% return on intermediate fund invested at Treasury. <u>Measure #4:</u> Actual rate of return on intermediate fund invested at Treasury.</p> <p><b>A2: Maximize revenues from Trust non-cash assets.</b></p> <p><u>Target #1:</u> FY 05 \$2.4 million in spendable income for Trust Authority. <u>Measure #1:</u> Percentage of TLO spendable "income" achieved.</p> <p><u>Target #2:</u> FY 04 \$4.4 million to Trust Principle from TLO. <u>Measure #2:</u> Percentage of TLO principle projection achieved.</p> <p><u>Target #3:</u> Invest at least \$1 million of Trust principle in Trust land enhancements or strategic land acquisitions. <u>Measure #3:</u> Percent of target amount invested.</p> <p><b>A3: Spend Trust income to improve the lives and circumstances of Trust beneficiaries.</b></p> <p><u>Target #1:</u> Budget 3.5% of Trust Funds annually for programmatic spending as set by Asset Management Policy approved by Board of Trustees. <u>Measure #1:</u> Percent of Trust Fund spent annually for</p>

	<p>MHTAAR projects approved by Trustees.</p> <p><u>Target #2:</u> At least 50% of MHTAAR funded projects and 80% of Small Projects funded with Trust Income will report beneficiary-related performance outcome measures.</p> <p><u>Measure #2:</u> Percent of Trust Income funded projects that report beneficiary-related performance outcome measures.</p> <p><b>A4: Leverage Trust funds with funds from private corporations, foundations and other sources for beneficiary related projects.</b></p> <p><u>Target #1:</u> Leverage \$10.00 for every \$1.00 MHTAAR in projects designated as partnering projects.</p> <p><u>Measure #1:</u> Dollars leveraged for every dollar of MHTAAR.</p> <p><u>Target #2:</u> Generate 12 partners for MHTAAR partnering projects outside of state government.</p> <p><u>Measure #2:</u> Percent of target met.</p> <p><b>A5: Provide leadership in advocacy and planning around improving lives of beneficiaries.</b></p> <p><u>Target #1:</u> Work to develop/change at least two policies/programs to improve/protect the lives of beneficiaries.</p> <p><u>Measure #1:</u> Number of policies developed/changed that improve/protect the lives of beneficiaries.</p>
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**Major Activities to Advance Strategies**

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| <ul style="list-style-type: none"> <li>• Produce monthly financial reports for Trustees.</li> <li>• Calculate and complete annual payout.</li> <li>• Coordinate cash management with APFC and DOR Treasury.</li> <li>• Prepare and distribute annual report.</li> <li>• Support the Board of Trustees and their committees.</li> <li>• Support and provide oversight for four focus area implementation workgroups in their strategic planning.</li> <li>• Provide efficient and accountable Trust Office Administration.</li> <li>• Work with Trust advisory bodies, consumers and provider groups to access needs of beneficiaries.</li> <li>• Conduct annual budget recommendations planning process (BRPP) with advisory groups and statutory advisors.</li> <li>• Develop budget recommendations from the BRPP for the Governor &amp; Leg Budget &amp; Audit Committee by Sept. 15 for the Mental Health Appropriation Bill.</li> </ul> | <ul style="list-style-type: none"> <li>• Trust works with Governor and legislature to finalize funding in the Mental Health Budget bill.</li> <li>• Assure implementation of funding as approved by Trustees.</li> <li>• Develop partnerships and other independently administered projects to leverage funds.</li> <li>• Develop funding agreements and performance measures for Trust funding projects; monitor and report results and impacts to Trustees.</li> <li>• Work with Trust advisory bodies, departments, consumers and provider groups to evaluate effectiveness of MHTAAR funded projects.</li> <li>• Partner with DHSS to develop Comprehensive Integrated Mental Health Plan and keep updated.</li> <li>• Provide leadership among partners through sponsoring collaborative meetings between staff and board members of advisory groups and statutory advisors.</li> <li>• Provide technical assistance for and participate on the Steering Committee for Coordinated Communications Plan.</li> <li>• Work with the court system to implement a new Mental Health Court in the Mat-Su Borough.</li> <li>• Work with partners to fund and build a new Detox center in Fairbanks.</li> </ul> |
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FY2006 Resources Allocated to Achieve Results									
FY2006 Component Budget: \$1,547,000	<table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2"><b>Personnel:</b></td> </tr> <tr> <td style="padding-left: 20px;">Full time</td> <td style="text-align: right;">10</td> </tr> <tr> <td style="padding-left: 20px;">Part time</td> <td style="text-align: right;">0</td> </tr> <tr> <td style="padding-left: 20px;"><b>Total</b></td> <td style="text-align: right; border-top: 1px solid black;"><b>10</b></td> </tr> </table>	<b>Personnel:</b>		Full time	10	Part time	0	<b>Total</b>	<b>10</b>
<b>Personnel:</b>									
Full time	10								
Part time	0								
<b>Total</b>	<b>10</b>								

## Performance Measure Detail

### A: Result - Increase quality of life for Trust beneficiaries.

**Target #1:** At least 10% of "In Step Plan" indicators will show improvement.

**Measure #1:** % of In Step Plan indicators showing improvement.

**Analysis of results and challenges:** State statute requires an integrated comprehensive mental health plan. The "In Step Plan" is done in partnership with The Trust by DHSS and is updated annually by a staff person who is funded partially by The Trust.

FY 04 Results: The Department of Health And Social Services (DHSS) did not release an update on the In-Step in FY 04 so data is not available. DHSS is working to update data in the plan in FY 05 and have formed a new Comprehensive Plan Team to expand the Comprehensive Integrated Mental Health Program Plan in the future in conjunction with The Trust and advisory groups for the Comprehensive Integrated Mental Health Program Plan.

### A1: Strategy - Maximize revenues from Trust cash assets.

**Target #1:** \$1 million in interest income.

**Measure #1:** % of \$1 million in interest income generated.

**Analysis of results and challenges:** FY04 Results:

1. 106% for a total of \$1,068,566.33 of the million dollars of interest income generated was attained.

Due to the Asset Management Policy, including the Budget Reserve Account, The Trust is able to provide level funding each fiscal year. The FY 04 payout rate was set in 2003, and the FY 06 payout rate was set in August of 2004 and will reflect an increase to 3.75%.

**Target #2:** Maintain Reserve account at 400%.

**Measure #2:** % of reserve account maintained.

**Analysis of results and challenges:** FY04 Results:

The FY04 Budget Reserve account increased to 646% of the annual payout as of the end of June 2004.

The Trust used a consultant to recommend methods to assure consistent funding levels for the Integrated Comprehensive Mental Health Program and a 400% reserve account was recommended and adopted by the Board of Trustees. This reserve account has proven essential over the last three years during the downturn in the investment market to keeping funding available when other philanthropy organizations and funding corporations from the State of Alaska have reduced funding.

The Asset Management Policy requires that excess funds above the 400% mandated for the Budget Reserve account be deposited into the Principal Account. The Board of Trustees voted to move the funds in excess of 400% into the Principal account and additionally decided to increase the annual payout rate for FY 06 from 3.5% to 3.75%. This will make additional funds available for the FY 06 budget and have been accounted for in the budget submitted for the Mental Health Budget Bill.

**Target #3:** 5% total real return on Trust Fund at APFC.

**Measure #3:** Total Real Return as set by APFC.

**Analysis of results and challenges:** APFC's current goal is to earn about 5% over the rate of inflation in the long run. For FY04, APFC reported 14.2% total return, less 2.3% inflation, equals a total real return of 11.9%.

**Target #4:** 1.5% return on intermediate fund invested at Treasury.

**Measure #4:** Actual rate of return on intermediate fund invested at Treasury.

**Analysis of results and challenges:** FY04 Return:

For FY04, the Mental Health Reserve Fund was established in September and experienced a 1.829% return for 9 months or \$383,548.00.

The real return rate is set annually by the APFC. The Trust Principle account is mandated in statute to be managed by the APFC.

## A2: Strategy - Maximize revenues from Trust non-cash assets.

**Target #1:** FY 05 \$2.4 million in spendable income for Trust Authority.

**Measure #1:** Percentage of TLO spendable "income" achieved.

**Analysis of results and challenges:** FY04 Result:

108% for a total of \$2,609,000.

**Target #2:** FY 04 \$4.4 million to Trust Principle from TLO.

**Measure #2:** Percentage of TLO principle projection achieved.

**Analysis of results and challenges:** FY04 Result:

193% of target achieved for a total of \$8,502,000.

Gross revenues exceeded the year-end goal due to culmination of several large multi-year land sale projects.

**Target #3:** Invest at least \$1 million of Trust principle in Trust land enhancements or strategic land acquisitions.

**Measure #3:** Percent of target amount invested.

**Analysis of results and challenges:** FY04 Result:

100% of target achieved. Purchased seven acres of land in Fairbanks (\$779.9) and completed property enhancements at 718 L Street (\$270.0).

The Trust Board of Trustees have set resource management policies which include definitions of spendable income.

## A3: Strategy - Spend Trust income to improve the lives and circumstances of Trust beneficiaries.

**Target #1:** Budget 3.5% of Trust Funds annually for programmatic spending as set by Asset Management Policy approved by Board of Trustees.

**Measure #1:** Percent of Trust Fund spent annually for MHTAAR projects approved by Trustees.

**Analysis of results and challenges:** FY04 Result:

FY04 Payout was maintained at 3.5%, for a total payout of \$11,039,434, Land income of \$2,532,088.95, Unspent Trust Land Office CIP Funds Returned of \$500,000, Interest Income of \$1,219,855.98 and \$3,444,649.22 prior year lapsed for a total allocation of \$18,736,058.15 for MHTAAR projects.

At the close of business 6/30/04, the Trust had obligated \$14,551,789.28 for MHTAAR projects and lapsed

\$4,184,268,87 into the FY05 projections for MHTAAR projects.

The Trustees set a payout rate, interest income and land income rates that will maximize available income while ensuring a perpetual Trust and keep the annual revenues for funding the integrated comprehensive mental health program secure during sustained market downturns.

**Target #2:** At least 50% of MHTAAR funded projects and 80% of Small Projects funded with Trust Income will report beneficiary-related performance outcome measures.

**Measure #2:** Percent of Trust Income funded projects that report beneficiary-related performance outcome measures.

**Analysis of results and challenges:** FY04 Result:

100% of Small Projects have beneficiary-related performance measures written into their funding agreements.

85% of the 100 MHTAAR/Authority grants reported performance outcome measures directly serving beneficiaries during the 2004 Status report process. The other 15% of projects were focused on infrastructure development and training and will benefit beneficiaries in the long term performance outcomes of the projects by providing trained treatment providers and facilities to meet needs in coming years.

The Trust is dedicated to assuring that its resources are expended to improve the lives of Trust beneficiaries. Each project approved and funded with Trust Income is required to set performance measures and to report at the end of the first 6 months and then again annually at the end of each funded year, with a final report done a year after the termination of any project. Each project is measured against the impact it will have on improving the lives of beneficiaries or creating the system capacity to improve beneficiary lives.

#### **A4: Strategy - Leverage Trust funds with funds from private corporations, foundations and other sources for beneficiary related projects.**

**Target #1:** Leverage \$10.00 for every \$1.00 MHTAAR in projects designated as partnering projects.

**Measure #1:** Dollars leveraged for every dollar of MHTAAR.

**Analysis of results and challenges:** FY04 Results:

The total funding for Partnerships in FY04 was \$682,203.50, with leveraged dollars of \$4,450,150. The goal for leveraged funds was ten dollars for each Trust dollar and the actual achieved was 6.5 dollars for every Trust dollar funded.

The Trust has been focusing on increasing resources that help to improve the lives of Trust beneficiaries. A proven way the philanthropic community across the nation does this is through leveraging funds with other resources to accomplish mutual goals. The Trust has been increasing leveraging activity each year and continues to place an emphasis on partnering with local, state and national partners. The problem for FY04 in meeting the goal was in perfecting record keeping and reporting. New procedures have been developed to better collect data on leveraged dollars in FY05.

**Target #2:** Generate 12 partners for MHTAAR partnering projects outside of state government.

**Measure #2:** Percent of target met.

**Analysis of results and challenges:** FY04 Results:

225% of target achieved.

The Trust has been focusing on increasing resources that help to improve the lives of Trust beneficiaries. A proven way the philanthropic community across the nation does this is through leveraging funds with other resources to accomplish mutual goals. The Trust has been increasing leveraging activity each year and continues to place an emphasis on partnering with local, state and national partners.

29 partnerships were funded in FY04 with only two being considered state agencies (the University of Alaska,

and the Governor's Council on Disabilities and Special Education). The other organizations included federal agencies, non-profits, local governments, native entities, and other philanthropy organizations.

### **A5: Strategy - Provide leadership in advocacy and planning around improving lives of beneficiaries.**

**Target #1:** Work to develop/change at least two policies/programs to improve/protect the lives of beneficiaries.

**Measure #1:** Number of policies developed/changed that improve/protect the lives of beneficiaries.

**Analysis of results and challenges:** FY04 Result:

1. Four new focus area strategic plans were chosen to be developed collaboratively to drive beneficiary-related system change.
2. A new mental health court will be initiated in the Mat-Su Valley.
3. A new detox center will be built collaboratively in Fairbanks.
4. New community health centers funded by the Denali Commission now allow additional funding for behavioral health space.
5. Worked with DHSS to form new Comprehensive Integrated Mental Health Program Plan Team to further the Comp Plan in the future - expanding from just outcome indicators to a fully functional program plan that will drive funding decisions of DHSS and the Trust in the future.

The Trust is tasked in statute with providing leadership to improve systems that serve Trust beneficiaries. The challenge for the next few years will be to advocate for healthy public policy around beneficiaries issues during times of government reorganizations and downsizing.

The Trust brought together four advisory groups, two departments, consumer groups and providers to develop four new focus area strategic plans for driving system change for beneficiary related services over the next 4 to 6 years. The Trust made a policy decision to invest heavily in four areas: Housing, Bring the Kids Home, Disability Justice, and Trust Beneficiary Group Initiatives. The plan for each area can be found at [www.mhtrust.org](http://www.mhtrust.org) (see link below). The Trust will continue to facilitate the implementation of the strategic plans through collaborative workgroups over the next few years.

### **Key Component Challenges**

- In light of the stock market changes and volatility, maintain a principal reserve account balance sufficient to maintain or increase the Trust contribution to the comprehensive mental health programs.
- To coordinate and collaborate with the various state agencies, providers and advocacy groups to meet the needs of the Trust beneficiaries.
- To increase the capacity of the comprehensive mental health program to meet the needs of Trust beneficiaries while the states ability to adequately fund mental health programs has decreased.
- To provide support to the various task forces or initiatives on insurance parity, home and community based services development, work force development, community-based services, homelessness, and transportation issues so as to enable the current state administered programs to meet the needs of Trust beneficiaries in the most efficient manner possible.
- Continue to develop partnering initiatives to leverage funds from private corporations and foundations for beneficiary related programs.
- Improve the information required to assess the extent, causes, and costs of unnecessary/avoidable incarceration of persons with mental disabilities not routinely collected by criminal justice system agencies.

### **Significant Changes in Results to be Delivered in FY2006**

No changes in results delivered.

### **Major Component Accomplishments in 2004**

- Trust developed a new Budget-Recommendation Planning Process to collaborate with state and other agencies for long-range focus area plans to accomplish change in the systems serving beneficiaries. Four focus areas were identified - Housing, Disability Justice, Bring the Kids Home, and Trust Beneficiary Group Initiatives.

- Partnered with non-state agencies in 29 projects totaling \$682,203 of Trust funding, leveraging \$4,450,150 of non-state dollars for collaborative projects on Trust beneficiary issues.
- Funded 38 small projects, in the amount of \$244,549, to non-state organizations to support Trust beneficiary-related services and activities.
- Implemented a joint initiative with the Alaska Court System to expand therapeutic practice throughout the court system, including developing a new mental health court in Palmer and training for all Alaska judges to identify cases involving persons with mental disorders and apply therapeutic approaches in judicial practice to achieve better results for the individuals and community.
- Developed successful application for technical assistance and financial resources to assist state corrections and mental health agencies in performing study of Trust beneficiaries in correctional system, the extent of avoidable incarceration occurring because of lack of more appropriate community service interventions and implementing policy and practice changes to reduce unnecessary incarceration of beneficiaries.
- Led multi-agency community-based partnership and planning effort to obtain funding for development of enhanced detoxification facility and program in Fairbanks.
- Purchased land for Fairbanks Detox replacement that will be built in FY06.
- Compiled and analyzed comprehensive information on Title 47 protective custody holds in jails and correctional facilities to serve as basis for development of intervention strategies.
- Continued support for development and interaction of services for Alaskans with traumatic brain injuries through support of the Alaska Traumatic Brain Injury Advisory Board.
- Trust partnered with the Alaska Congressional delegation, Rasmuson Foundation, Department of Transportation and the Alaska Mobility Coalition to bring in \$1 million dollars of federal funding for transportation projects for Trust beneficiaries.
- The Trust and Division of Behavior Health have partnered with federal SAMHSA to develop an integrated behavioral health management information system called AKAIMS. This system will improve service delivery around Alaska and make available good information on activities and outcomes of mental health and substance abuse services.

### Statutory and Regulatory Authority

AS 37.14  
 AS 47.30  
 20 AAC 40.010 - 20 AAC 40.990

Contact Information
<p><b>Contact:</b> Jeff Jessee, Executive Director  <b>Phone:</b> (907) 269-7960  <b>Fax:</b> (907) 269-7966  <b>E-mail:</b> Jeff_Jessee@mhta.revenue.state.ak.us</p>

### Mental Health Trust Operations Component Financial Summary

*All dollars shown in thousands*

	FY2004 Actuals	FY2005 Management Plan	FY2006 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	1,047.0	912.9	941.1
72000 Travel	125.9	115.9	97.7
73000 Services	381.4	388.3	460.4
74000 Commodities	33.1	47.8	47.8
75000 Capital Outlay	25.0	0.0	0.0
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>1,612.4</b>	<b>1,464.9</b>	<b>1,547.0</b>
<b>Funding Sources:</b>			
1004 General Fund Receipts	0.0	41.5	0.0
1007 Inter-Agency Receipts	471.0	0.0	40.0
1092 Mental Health Trust Authority Authorized Receipts	100.0	155.9	0.0
1094 Mental Health Trust Administration	1,041.4	1,267.5	1,507.0
<b>Funding Totals</b>	<b>1,612.4</b>	<b>1,464.9</b>	<b>1,547.0</b>

### Estimated Revenue Collections

Description	Master Revenue Account	FY2004 Actuals	FY2005 Management Plan	FY2006 Governor
<b>Unrestricted Revenues</b>				
None.		0.0	0.0	0.0
<b>Unrestricted Total</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Restricted Revenues</b>				
Interagency Receipts	51015	471.0	0.0	40.0
Mental Health Trust Authority Auth.Rec.	51410	100.0	155.9	0.0
<b>Restricted Total</b>		<b>571.0</b>	<b>155.9</b>	<b>40.0</b>
<b>Total Estimated Revenues</b>		<b>571.0</b>	<b>155.9</b>	<b>40.0</b>

**Summary of Component Budget Changes  
From FY2005 Management Plan to FY2006 Governor**

*All dollars shown in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2005 Management Plan</b>	<b>41.5</b>	<b>0.0</b>	<b>1,423.4</b>	<b>1,464.9</b>
<b>Adjustments which will continue current level of service:</b>				
-FY06 Cost Increases for Bargaining Units and Non-Covered Employees	0.0	0.0	10.5	10.5
-Adjustments for Personal Services Working Reserve Rates and SBS	0.0	0.0	3.0	3.0
<b>Proposed budget decreases:</b>				
-Alcohol Grant Program Termination	-41.5	0.0	0.0	-41.5
<b>Proposed budget increases:</b>				
-FY2006 Adjustment to Reflect Trustee Authorized Funding	0.0	0.0	110.1	110.1
<b>FY2006 Governor</b>	<b>0.0</b>	<b>0.0</b>	<b>1,547.0</b>	<b>1,547.0</b>

Mental Health Trust Operations Personal Services Information					
Authorized Positions			Personal Services Costs		
	<u>FY2005</u>		<u>FY2006</u>		
	<u>Management</u>		<u>Governor</u>		
	<u>Plan</u>				
Full-time	10		10	Annual Salaries	679,542
Part-time	0		0	Premium Pay	0
Nonpermanent	1		1	Annual Benefits	299,458
				<i>Less 0.00% Vacancy Factor</i>	(0)
				Lump Sum Premium Pay	0
<b>Totals</b>	<b>11</b>		<b>11</b>	<b>Total Personal Services</b>	<b>979,000</b>

Position Classification Summary					
Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accountant	1	0	0	0	1
Administrative Manager	1	0	0	0	1
Budget Coordinator	1	0	0	0	1
Deputy Director	1	0	0	0	1
Executive Director	1	0	0	0	1
Grants Administrator	1	0	0	0	1
Program Service Aide	1	0	0	0	1
Program Special Assistant	1	0	0	0	1
Trust Program Officer	3	0	0	0	3
<b>Totals</b>	<b>11</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11</b>